

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

DATA FOR REPORT TO STOCKHOLDERS
THE BAKER-RAULANG COMPANY - CLEVELAND, OHIO
DECEMBER 31, 1942

ERNST & ERNST

Baker-Raulang Corp

--oo0oo--

DATA FOR REPORT TO STOCKHOLDERS

THE BAKER-RAULANG COMPANY - CLEVELAND, OHIO

December 31, 1942

--oo0oo--

AKRON
ATLANTA
BALTIMORE
BIRMINGHAM
BOSTON
BUFFALO
CANTON
CHICAGO
CINCINNATI
CLEVELAND
COLUMBUS
DALLAS
DAYTON
DENVER
DETROIT
FORT WORTH
GRAND RAPIDS
HOUSTON
INDIANAPOLIS
KALAMAZOO
KANSAS CITY
LOS ANGELES
LOUISVILLE
MEMPHIS
MIAMI
MILWAUKEE
MINNEAPOLIS

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

CLEVELAND

UNION COMMERCE BUILDING

NEW ORLEANS
NEW YORK
PHILADELPHIA
PITTSBURGH
PORTLAND, ME.
PROVIDENCE
READING
RICHMOND
ROCHESTER
ST. LOUIS
ST. PAUL
SAN ANTONIO
SAN FRANCISCO
SEATTLE
TOLEDO
WASHINGTON
WINSTON-SALEM
YOUNGSTOWN

TORONTO, CANADA

CORRESPONDENT AT
LONDON

CABLE ADDRESS
"ERNSTAUDIT" N. Y.

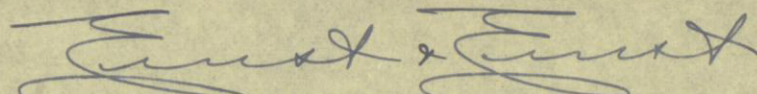
Board of Directors,
The Baker-Raulang Company,
Cleveland, Ohio.

We have examined the balance sheet of The Baker-Raulang Company as of December 31, 1942, and the statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

We tested trade accounts receivable by direct communication with recorded customers and observed procedures used to determine inventory quantities. Stores inventories of parts, sub-assemblies, raw materials, and supplies are based on counts, weights, or measurements made by employees of the Company as of December 31, 1942. Orders in process of manufacture or assembly are based on continuous records of accumulated costs, less estimated costs of partial deliveries. We also made test checks of the computations and basis of pricing.

The Company sold property, plant, and equipment not used in operations during the year 1941 at a book loss of \$125,307.96, including a minor amount of appreciation. By order of the Board of Directors the entire book loss was charged to capital surplus, rather than to profit and loss or earned surplus which would conform to generally accepted accounting principles.

In our opinion, except for the charge to capital surplus of the loss from the sale of property mentioned in the preceding paragraph, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the position of The Baker-Raulang Company at December 31, 1942, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.


Certified Public Accountants

Cleveland, Ohio
March 5, 1943

Our certificate or report upon an audit or examination is delivered to client with the distinct understanding that any advertisement, publication, or copy therefrom, in full or in part, of such certificate or report, shall be in the form to be approved by us. As a preventive against fraud, attention is directed to the fact that all pages in this report should bear our water mark.

BALANCE
THE BAKER-
December

ASSETS

CURRENT ASSETS

Cash	\$	314,168.93	
Trade accounts receivable, less reserve of \$4,500.00		678,222.55	
Inventories-at lower of cost or market:			
Parts and sub-assemblies	\$	493,250.79	
Orders in process		479,202.54	
Raw materials and supplies		301,701.34	
		<u>\$1,274,154.67</u>	
Less reserves		<u>6,605.39</u>	<u>1,267,549.28</u> \$2,259,940.76

OTHER ASSETS

Estimated postwar refund of federal excess profits taxes	\$	116,000.00	
Mortgage note receivable from sale of real estate and accrued interest		75,625.00	
Sundry deposits, advances and receivables, less reserve of \$1,165.64		<u>11,489.03</u>	<u>203,114.03</u>

PROPERTY, PLANT, AND EQUIPMENT-Note A

Land	\$	234,335.87	
Buildings, machinery, and equipment	\$	1,479,361.28	
Less reserves for depreciation		<u>1,079,190.79</u>	400,170.49
Emergency facilities	\$	178,913.38	
Less reserves for amortization		<u>42,995.99</u>	<u>135,917.39</u> 770,423.75

PATENTS AND GOOD WILL (nominal amount)

1.00

DEFERRED CHARGES

Tools	\$	29,227.27	
Prepaid insurance, taxes, etc.		<u>21,114.94</u>	<u>50,342.21</u>

\$3,283,821.75
=====

SHEET

RAULANG COMPANY

31, 1942

LIABILITIES, CAPITAL STOCK, AND SURPLUSCURRENT LIABILITIES

Notes payable to bank		\$	150,000.00	
Accounts payable:				
Trade accounts	\$	182,021.77		
Commissions-dealers		96,854.19		
Customers deposits and credit balances		22,328.13		
Salaries, wages, and commissions		15,634.64		
Pay roll taxes		13,847.74	330,686.47	
Accrued:				
Federal capital stock tax-estimated	\$	20,000.00		
Local taxes		10,913.77	30,913.77	
Dividend payable			9,303.75	
Federal taxes on income:				
On year ended December 31, 1942-estimated		\$1,232,000.00		
Less U. S. Treasury notes-held for the payment of taxes		700,830.00		
		<u>\$ 531,170.00</u>		
On prior year (\$52,564.93 provided for in prior year)		59,360.63	590,530.63	\$1,111,434.62

RESERVE

For postwar adjustments and general contingencies				150,000.00
---	--	--	--	------------

CAPITAL STOCK AND SURPLUS

Capital stock:				
Preferred stock, 5% cumulative if earned, par value \$100.00 per share, redeemable at \$105.00 a share and accumulated unpaid dividends-Note B:				
Authorized 7,500 shares; issued 7,443 shares			\$	744,300.00
Common stock, without par value-stated capital \$1.00 per share:				
Authorized 100,000 shares; issued (including 279 shares reserved for exchange for prior issues of common stock) 78,243 shares				78,243.00
			\$	<u>822,543.00</u>
Surplus-Note C:				
Capital surplus	\$	613,201.71		
Earned surplus-since July 1, 1936		586,642.42	1,199,844.13	2,022,387.13
				<u>\$3,283,821.75</u>
				=====

See notes on following page.

NOTES TO BALANCE SHEET

THE BAKER-RAULANG COMPANY

December 31, 1942

Note A - Property, plant, and equipment, exclusive of land, are stated generally on the basis of independent appraisals made at various dates, the latest being as of January 21, 1926, plus subsequent additions at cost and less adjustments of carrying amounts for certain machinery and equipment as determined by the management and less reserves for depreciation to December 31, 1942. Land is stated as appraised by The Cleveland Real Estate Board as of May 31, 1915, plus subsequent additions at cost and less adjustment of \$15,206.76 to reduce the carrying amount to an appraisal by the Board of Directors as of December 31, 1934. The amounts stated herein for these items do not purport to represent amounts currently realizable or cost.

Note B - Dividends on preferred 5% stock are cumulative from July 1, 1936, if earned, and the earned accumulation neither paid or provided for at December 31, 1942, amounts to \$70,690.78, or approximately \$9.50 a share.

Note C - Reference is made to comments of Messrs. Ernst & Ernst with respect to charging capital surplus for loss on property, plant, and equipment which was sold during the year 1941.

Note D - Reference is made to note to the profit and loss statement with respect to renegotiation of profits subject to the provisions of the War Profits Control Act.

ERNEST & ERNEST

STATEMENT OF SURPLUS

THE BAKER-RAULANG COMPANY

Year ended December 31, 1942

CAPITAL SURPLUS

Balance at January 1, 1942, and
December 31, 1942-Note A

\$ 613,201.71

=====

EARNED SURPLUS (since July 1, 1936)

Balance at January 1, 1942-Note A

\$ 354,452.32

Add:

Net profit for the year

288,012.60

\$ 642,464.92

Deduct cash dividends declared:

On preferred stock:

\$2.50 per share applicable to the
first semi-annual dividend period
for the year 1940

\$ 18,607.50

\$2.50 per share applicable to the
second semi-annual dividend period
for the year 1941

18,607.50

\$2.50 per share applicable to the first
semi-annual dividend period for the
year 1942

18,607.50

55,822.50

BALANCE AT DECEMBER 31, 1942

\$ 586,642.42

=====

Note A - Reference is made to comments of Messrs. Ernst & Ernst with respect to charging capital surplus for loss on property, plant, and equipment which was sold during the year 1941.

Note B - Reference is made to note to the profit and loss statement with respect to renegotiation of profits subject to the provisions of the War Profits Control Act.

PROFIT AND LOSS STATEMENT

THE BAKER-RAULANG COMPANY

Year ended December 31, 1942

	INDUSTRIAL TRUCK DIVISION	COMMERCIAL BODY DIVISION	COMBINED
Net sales	\$4,078,223.32	\$2,803,356.03	\$6,881,579.35
Cost of goods sold	2,511,063.39	2,032,026.35	4,543,089.74
GROSS PROFIT	\$1,567,159.93	\$ 771,329.68	\$2,338,489.61
Expenses:			
Sales engineering	\$ 642,353.54	\$ 24,577.30	\$ 666,930.84
Administrative and general	98,881.06	48,624.02	147,505.08
TOTAL EXPENSES	\$ 741,234.60	\$ 73,201.32	\$ 814,435.92
OPERATING PROFIT	\$ 825,925.33	\$ 698,128.36	\$1,524,053.69
Other income:			
Royalties received		\$ 5,970.00	
Interest earned		4,642.44	
Recovery on accounts		1,488.05	
Net income from rented property		1,422.84	
Sundry		52.20	13,575.53
			\$1,537,629.22
Other deductions:			
Provision for postwar adjustments and general contingencies		\$ 123,000.00	
Interest expense		6,404.98	
Loss on equipment sold		687.56	130,092.54
PROFIT BEFORE TAXES ON INCOME			\$1,407,536.68
Taxes on income-estimated:			
Provision for the year:			
Federal normal tax and surtax	\$ 69,000.00		
Federal excess profits tax	1,163,000.00	\$1,232,000.00	
Less postwar excess profits tax refund		116,000.00	
		\$1,116,000.00	
Adjustment for prior years		3,524.08	1,119,524.08
NET PROFIT			\$ 288,012.60

Note - Profits of the Company include those from transactions subject to the provisions of the War Profits Control Act providing for recapture of any profits found as a result of renegotiation to be excessive. Renegotiation proceedings have been commenced but have not progressed to a point where determination can be made as to the effect, if any, that such renegotiation may have upon the financial statements of the Company. Any refund of profits that might result, would be after credit of the amount of applicable income and excess profits taxes paid thereupon.

